



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
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<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

August 31, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

MEDICAL, DENTAL, LIFE INSURANCE, AND DISABILITY PLANS FOR 2011 (ALL DISTRICTS) (3 VOTES)

SUBJECT

Recommendation to approve premium rates and benefit changes for the 2011 calendar year for the medical, dental, life, and disability benefit plans applicable to represented and non-represented employees.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve proposed premium rates and benefit coverage changes for County-sponsored plans as follows: (a) medical and dental rates for represented employees for the period January 1, 2011 through December 31, 2011, as recommended in this letter and shown in Exhibit I; (b) medical and dental rates for non-represented employees for the period January 1, 2011 through December 31, 2011, as recommended in this letter and shown in Exhibit II; (c) basic life and accidental death and dismemberment (AD&D) insurance rates, and for represented employees, optional group term life and dependent life insurance rates, for the period January 1, 2011 through December 31, 2013, as shown in Exhibit III; (d) supplemental group variable universal life (GVUL), dependent term life, and survivor income benefit (SIB) rates for non-represented employees for the period January 1, 2011 through December 31, 2011, as shown in Exhibit III; and (e) rates for Short-Term Disability (STD), Long-Term Disability (LTD), and LTD Health Insurance plans, as shown in Exhibit IV.

"To Enrich Lives Through Effective And Caring Service"

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Board of Supervisors
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First District

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Third District

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MICHAEL D. ANTONOVICH
Fifth District

2. Instruct the County Counsel to review and approve as to form the appropriate agreements and/or amendments with:
 - a. Anthem Blue Cross and Anthem Blue Cross Life and Health Insurance Company (Blue Cross); Connecticut General Life Insurance Company and CIGNA Healthcare of California, Inc. (CIGNA); Kaiser Foundation Health Plan, Inc. (Kaiser); Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. (Kaiser Mid-Atlantic); PacifiCare of California, UnitedHealthcare Insurance Company, and PacifiCare Life & Health Insurance Company (PacifiCare); Metropolitan Life Insurance Company (MetLife); and Delta Dental Plan (Delta Dental); or their successors or affiliates, as necessary, for the period January 1, 2011 through December 31, 2011;
 - b. SafeGuard Health Plans, Inc. (SafeGuard); and their successors and affiliates, as necessary, for the period January 1, 2011 through December 31, 2012;
 - c. Life Insurance of North America (LINA) and their successors and affiliates, as necessary, for the period January 1, 2011 through December 31, 2013; and instruct the Chair to sign such agreements.
3. Approve proposed premium rates and benefit coverage changes for the health plans sponsored by the Association for Los Angeles Deputy Sheriffs, Inc. (ALADS), the California Association of Professional Employees (CAPE), and the Los Angeles County Fire Fighters Local 1014 (Local 1014), for the period January 1, 2011 through December 31, 2011, as shown in Exhibit V.
4. Instruct the Auditor-Controller to make all payroll system changes necessary to implement the changes recommended herein to ensure that all changes in premium rates are first reflected on pay warrants issued on January 15, 2011.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Purpose

The County maintains employee health, dental, group life, and other insurance programs to provide benefits that promote the effectiveness, health, and welfare of its workforce. The current premium rates and/or agreements for all County and union-sponsored medical, dental, and life insurance plans will end on December 31, 2010.

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The purpose of the recommendations contained in this letter is to implement negotiated agreements with carriers to continue existing benefits and to adopt changes, as recommended, for the 2011 calendar year.

Justification

Overall Premium Negotiation Process and Results

County-Sponsored Plans in General. The recommendations in Exhibits I, II, III, and IV regarding the County-sponsored plans are the result of negotiations between the health, dental, and life insurance carriers and the County negotiating team consisting of representatives of the Chief Executive Office (CEO), Department of Human Resources (DHR), and the County's group insurance consultant, Mercer Human Resource Consulting (Mercer). For County-sponsored plans whose benefits are governed by Fringe Benefits Memoranda of Understanding (MOU) with Service Employees International Union (SEIU) Local 721 (Local 721) and the Coalition of County Unions (CCU), the unions' benefit consultants also provided input into the insurance carrier negotiation process.

Mercer's opinion is that the County-sponsored plans carriers' final negotiated rates are justified. Mercer's opinion and the supporting due diligence are documented in Attachments A and B.

In general, County medical and dental plans are rated by carriers based on the cost of claims, claims trend and administration costs, taking into account the health risk of, and the utilization of health care by County employees and their covered dependents. In 2011, the primary cost drivers of increasing health care costs are contracted facility and provider capitation increases. Mercer estimates this rate at 11.5% in Southern California.

The County-sponsored medical plan rates recommended in this letter, averaging 7.0% for represented employees and 6.6% for non-represented employees, are substantially less than the Southern California average. Southern California dental trend continues to be more moderate than medical trend, averaging 4 to 6%, depending on the type of plan. The County's Delta Dental Preferred Provider Organization (PPO) dental plan, which covers the majority of the County's employees, is averaging 4.5% for plan year 2011.

Life insurance and AD&D rates are almost entirely claims experience driven. Due to the County's favorable experience and excess reserves being bought down, basic term life insurance rates will be reduced by 30.2%. AD&D rates will be reduced by 15%. The supplemental GVUL insurance rates for non-represented employees will be reduced by 2%.

County Approved Union-Sponsored Plans in General. The premium and benefit recommendations in Exhibit V regarding County approved union-sponsored health plans were negotiated by the sponsoring unions and evaluated by the CEO and DHR pursuant to the relevant provisions of the CCU Fringe MOU and County Code. The joint CEO and DHR recommendations are provided later in this report.

Renewal Policy and Process. In accordance with County policy, the County negotiating team requires all carriers to justify rates and support proposed contract terms for the upcoming plan year. The rate renewal process for 2011 (documented in Attachments A and B) is designed to encourage full involvement and transparency among all County, Union, and carrier stakeholders. The process involves production of data by carriers as needed, identification, in-depth analysis, and evaluation of all material underwriting issues in carrier proposals, and documentation of due diligence and financial results. All parties fully complied with the process.

Overall Results. Attachment C is a high level summary of carrier negotiation results that compares the estimated actual total premiums from initial carrier premium quotes for 2011 with the final result after performance guarantee review, challenges to carrier underwriting, benefit changes, and negotiation. Summary reasons for the negotiated reductions are given.

Total 2011 premiums to be paid to health, dental, group life, and other insurance plan carriers are estimated to be \$1,062 million, which represents \$882 million for County-sponsored plans and \$180 million for Union-sponsored plans. This is an increase of \$68 million or 7% over 2010.

Total savings from initial 2011 carrier proposals are \$11.9 million. This amount includes \$11.4 million in negotiated savings from 2011 carrier proposals, and \$547,000 from performance guarantee refunds and rate credits.

Attachment C also shows the percentage increase for each carrier by cafeteria plan as well as the total increase for County-sponsored health, dental, group life, and other insurance programs. The increase in medical plan premiums estimated to be paid to health carriers during 2011 will range from 4.5% to 18.9% for an average of 7.0%, which

is lower than the expected average projected Southern California increase of 11.5%. The overall increase for dental plans will be 10.6%. For 2011, basic life insurance will decrease by 30.2% and AD&D insurance rates will decrease by 15.0% for both represented and non-represented employees. Supplemental GVUL rates will decrease by 2% for non-represented employees.

2011 Premium Rates Recommended for Adoption:

Recommended Rates. County and union-sponsored health, dental, group life, and other insurance rates recommended for adoption are shown in Exhibits I through V. Unless otherwise noted in this letter, the rates support existing benefits enabled by the applicable MOU or County Code provision. The rates shown in these Exhibits are the monthly prices that employees will pay from County cafeteria plan contributions after County subsidies are subtracted from negotiated premium rates paid to carriers. For this reason, percentage increases in premium rates to be charged to employees as shown in the Exhibits, in many cases may differ from the negotiated increases in premium to be paid to carriers as reported in the body of this letter and in Attachment C.

Union Concurrence. On August 12, 2010, the CCU and management representatives in the Labor-Management Employee Benefits Administration Committee (EBAC) voted to recommend all premium rates with the exception of Delta Dental, for employees represented by the CCU. CCU declined to recommend the Delta Dental rates due to concerns regarding their share of a historical deficit owed to Delta and the recoupment method agreed upon nearly 20 years ago. The CCU is aware the recoupment has no impact on their 2011 rates.

Over the years, Delta Dental was rated as one plan for the entire County, even though benefit design and membership varied by cafeteria plan. Beginning in 2010, the plans were rated as three separate groups --- SEIU, CCU, and non-represented employees. Based on the 2010 final accounting, during 2011, we will work to negotiate with Delta Dental to ensure the most equitable recoupment of the deficit going forward.

On August 18, 2010, Local 721 and management representatives voted in the Labor-Management Benefit Administration Committee (BAC) to recommend the premium rates and benefit coverage changes for the County-sponsored plans applicable to employees represented by Local 721.

Implementation of Strategic Plan Goals

The recommended actions are consistent with the principles of the Countywide Strategic Plan by promoting the well-being of County employees and their families by offering comprehensive employee benefits.

FISCAL IMPACT/FINANCING

Each cafeteria plan, including represented employee plans provided by MOUs with County unions, provides for a County contribution and, in some cases, an additional subsidy to help pay the cost of insurance benefits. The current County contributions and applicable subsidies for employee benefits mentioned in this letter, or changed contributions, or subsidies recommended herein are included in the 2010-2011 budget. Employees pay for additional costs above and beyond the County contributions through payroll deductions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The general facts concerning 2011 premium rate and benefit adjustments for County-sponsored plans affecting both represented and non-represented employees are stated in this section. The details of each carriers' County-sponsored medical, dental, group life, and other insurance plan proposal, Mercer's evaluation, and Mercer's opinion concerning their justification and terms of offer are given in Attachments A and B.

In January 2010, new rules governing all health plans were issued for the Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA). Medical plans not in compliance made changes to their benefits coverage to meet the requirements of the new rules. The 2011 renewals reflect the cost of these changes.

Two new Federal healthcare reform legislation acts that affect our health plans for 2011 were signed into law during 2010 – The Patient Protection and Affordable Care Act and the Health Care and Education Tax Credit Reconciliation Act of 2010. In June 2010, regulations were issued that allow the grandfathering of certain existing medical plans. All County-sponsored and union-sponsored medical plans meet the conditions and, therefore, are not required to meet many of the plan design changes mandated under the legislation.

The Patient Protection and Affordable Care Act also requires that all health plans, grandfathered or not, make the following changes by January 1, 2011:

1. Health plans must remove annual or lifetime dollar limits for essential benefits.
2. Provide coverage for dependents to age 26 if no other employer coverage is available.
3. Contain no pre-existing condition limitations for children up to age 19.

2011 health care renewals include these changes plus the resulting costs incurred.

Medical Plan Rates Affecting Represented Employees

CIGNA Rates for 2011:

CIGNA provides two different plans to employees represented by the CCU: a Health Maintenance Organization (HMO) and a Point of Service plan (POS). The 2011 negotiated contract rates for the CIGNA plans will increase 18.9%. These rates include a credit for missed performance guarantees. In 2007 and 2008, excessive reserves in the CIGNA Premium Stabilization Reserve (PSR) were applied to the premium which artificially deflated the premium rates. The premium subsidy applied to the 2009 renewal reduced the PSR to a more appropriate level, so there was no premium offset from the PSR in 2010. CIGNA expects to deplete the PSR by the end of 2010; therefore, again there is no premium offset from the PSR for 2011. Mercer's opinion certifying CIGNA's 2011 rates as justified is included in Attachment A.

Kaiser Rates for 2011:

Kaiser's 2011 rates will increase by 5.0% for the CCU plan and 4.5% for the Local 721 plan. Mercer's opinion certifying Kaiser's 2011 rates as justified is included in Attachment A.

PacifiCare Rates for 2011:

PacifiCare provides two fully insured plans to employees represented by Local 721: a PacifiCare HMO and a UnitedHealthcare (UHC) PPO plan. As requested by the County and SEIU Local 721, UHC had expected to offer the County a lower cost alternative to the current Choice Plus PPO plan for 2011. However, because the new plan has not been approved by the California Department of Insurance, UHC will honor its commitment to offer a lower cost alternative by continuing to provide the Choice Plus PPO plan at a 20% rate reduction for 2011. The 2011 negotiated contract premium

rates for the HMO plan will increase 8.9%. Mercer's opinion certifying PacifiCare's 2011 rates as justified is included in Attachment A.

Union-Sponsored Plan Benefit Changes and Rates for 2011:

Premiums for County approved union-sponsored plans will also increase for 2011. The estimated increase in premiums paid to carriers in 2011 on behalf of the union-sponsored plans is approximately \$18.7 million or 11.6% over 2010. Proposed 2011 premium increases to be paid to carriers and benefit changes for the ALADS, CAPE, and Los Angeles County Local 1014 Fire Fighters Plans are summarized below:

Summary of Union-Sponsored Plan Changes for 2011

Union Sponsor	Average Increase in Rates to be Paid to Carrier on Behalf of Plan Sponsor	Requested Benefit Changes
ALADS	7.5%	<ul style="list-style-type: none"> No benefit changes other than those required by law.
CAPE	15.8%	<ul style="list-style-type: none"> Hospitalization daily maximum for the Classic plan Out-Of-Network reduced to \$360 per day. Changes to comply with healthcare reform legislation: <ul style="list-style-type: none"> Lifetime Maximum Benefit changed to unlimited in the PPO and Out-Of-Network. Preventive care health exams and immunizations changed to 100% covered in the PPO and Out-Of-Network. Hospice Care - Changed Out-Of-Network tiers to 100% coverage when provided by authorized hospice agencies.
Local 1014	16.4%	<ul style="list-style-type: none"> Changes to comply with MHPAEA <ul style="list-style-type: none"> Change current Mental Health Care outpatient to 90% after deductible for In-Network care and 70% after deductible for Out-Of-Network care. Change current Mental Health Care inpatient to 90% after deductible for In-Network care and 70% after deductible for Out-Of-Network care. Changes to comply with healthcare reform legislation: <ul style="list-style-type: none"> Change Lifetime Maximum Benefit from \$4,000,000 to Unlimited.

The subsidized rates to be paid by employees enrolled in union-sponsored plans are summarized in Exhibit V. The complete list of carrier benefit changes, upon which the 2011 rates are based, is documented in the Union request letters attached to Exhibit V. We have reviewed the changes for all three plans and support them.

Dental Plan Changes Affecting Represented Employees

The recommended employee contribution rates for County-sponsored represented employee dental plans are summarized in Exhibit I. The employee contribution rates shown for the Delta Dental PPO plan are Delta's proposed rates for 2011, less current County subsidies included in the 2009-2011 fringe benefit agreements with Local 721 and the CCU. Since subsidies can affect year-to-year differences, the percentage rate differences shown in Exhibit I differ from those described in this section. The rates for prepaid dental plans (DeltaCare and SafeGuard) are the rates negotiated with the carriers. As indicated in Attachment A, Mercer has certified the proposed rates summarized below as justified.

The Delta Dental PPO plan contract rates will increase by 9.6% for Local 721 and 2.9% for the CCU for 2011. The prepaid dental plan DeltaCare USA's rates will increase by 3.2% for both Local 721 and the CCU.

SafeGuard's contract rates will increase by 11.8% for both Local 721 and the CCU and are guaranteed through 2012. The actual rates for 2011 will differ slightly as they include a credit for 2009 performance guarantee penalties.

Life Insurance and Disability Programs for Represented Employees

Life insurance rates are driven primarily by past loss experience. Due to the County's favorable experience and an 18% rate reduction from a surplus amount in the PSR, basic term life insurance rates will be reduced by 30.2%. AD&D rates will be reduced by 15%. Optional term life and dependent life rates will remain the same as 2010. Rates are guaranteed through 2013.

Medical Plan Changes Affecting Non-represented Employees

Non-represented employees who participate in the MegaFlex and Flexible Benefit plans have a choice between Kaiser and four Blue Cross health plans, which include an HMO, POS, PPO, and a Catastrophic Plan. For 2011, the negotiated contract rates for Kaiser will increase 5.5%, while the average increase in contract rates for the Blue Cross HMO and Blue Cross indemnity plans (POS, PPO, and Catastrophic) will be 7.4%.

The 2011 negotiated contract rates for the Kaiser Mid-Atlantic plan, available to the few CEO employees working in the Washington, DC area, is community rated and will increase 6% for 2011. There are currently no employees enrolled in this plan.

Mercer has reviewed the proposed increases and recommends that the County accept the final 2011 renewals offered by Blue Cross and Kaiser. See attachment B for their review and opinion.

We recommend that the Board continue the historical County practice of funding any difference between the negotiated contract cost of these plans, and the contribution paid by the employees. The recommended employee contribution rates for non-represented employees are summarized in Exhibit II.

Dental Plan Changes Affecting Non-represented Employees

The recommended employee contribution rates for County-sponsored non-represented employee dental plans are summarized in Exhibit II. The Delta Dental PPO rates have been reduced by the 2010 County subsidies previously approved by your Board. As indicated in Attachment B, Mercer has certified as justified the proposed rates summarized below.

For 2011, the Delta Dental PPO plan contract rates for non-represented employees will increase by 5.2%. The prepaid dental plan DeltaCare USA's 2011 rates will increase by 3.2%, the same as for represented employees.

SafeGuard's contract rates will increase by 11.8% and are guaranteed through 2012, the same as for represented employees. The actual rates for 2011 will differ slightly as they include a credit for 2009 performance guarantee penalties.

Life Insurance and Disability Programs for Non-represented Employees

MetLife's supplemental GVUL insurance rates will be reduced by 2% and rates for Dependent Life and Survivor Income Benefit (SIB) will remain the same as 2010. Rates are guaranteed through December 31, 2011. This represents a one year extension to the current contract and we plan to search the marketplace in early 2011 for a longer term contract beginning in 2012.

AD&D rates will be reduced by 15%. Rates are guaranteed through 2013.

Honorable Board of Supervisors
August 31, 2010
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There will be no changes in the cost of the Long-Term Disability (LTD) and Short-Term Disability (STD) rates for 2011.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

None.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. T. Fujioka', with a stylized flourish at the end.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:BC:JA
MTK:WHD:mst

Attachments (11)

c: Auditor-Controller
County Counsel
Executive Office, Board of Supervisors
Department of Human Resources
SEIU Local 721
Coalition of County Unions
Mercer

**COUNTY-SPONSORED
MEDICAL AND DENTAL INSURANCE PLANS
FOR REPRESENTED EMPLOYEES
CURRENT 2010 RATES AND PROPOSED 2011 RATES**

Plan	Option	Coverage Category ^a	Current 2010 Rates ^b	Proposed 2011 Rates ^b	Percentage Change
CIGNA Choices	Network HMO	1	\$ 408.30	\$ 485.55	18.9%
		2	\$ 812.52	\$ 967.28	19.0%
		3	\$ 935.68	\$ 1,113.74	19.0%
	Network POS	1	\$ 732.63	\$ 871.24	18.9%
		2	\$ 1,301.17	\$ 1,548.38	19.0%
		3	\$ 1,364.98	\$ 1,624.26	19.0%
KAISER Choices		1	\$ 490.71	\$ 515.01	5.0%
		2	\$ 975.98	\$ 1,024.59	5.0%
		3	\$ 1,133.01	\$ 1,189.39	5.0%
KAISER Options		1	\$ 466.86	\$ 488.04	4.5%
		2	\$ 936.72	\$ 979.08	4.5%
		3	\$ 1,086.04	\$ 1,135.17	4.5%
PACIFICARE Options	HMO	1	\$ 418.17	\$ 455.87	9.0%
		2	\$ 847.83	\$ 923.98	9.0%
		3	\$ 981.57	\$ 1,069.80	9.0%
	PPO	1	\$ 1,180.83	\$ 943.46	-20.1%
		2	\$ 2,387.77	\$ 1,908.41	-20.1%
		3	\$ 2,766.09	\$ 2,210.66	-20.1%

^a 1 = Employee only

2 = Employee + 1 Dependent

3 = Employee + 2 or more Dependents

^b Rates reflect current negotiated County subsidies

CIGNA, Kaiser, and PacifiCare rates include mandatory Federal healthcare reform & Mental Health Parity costs.

**COUNTY-SPONSORED
MEDICAL AND DENTAL INSURANCE PLANS
FOR REPRESENTED EMPLOYEES
CURRENT 2010 RATES AND PROPOSED 2011 RATES**

Plan	Option	Coverage Category ^a	Current 2010 Rates ^b	Proposed 2011 Rates ^b	Percentage Change
DELTA DENTAL ^b Choices		1	\$ 25.41	\$ 28.27	11.3%
		2	\$ 42.59	\$ 47.48	11.5%
		3	\$ 63.96	\$ 71.47	11.7%
DELTA DENTAL ^b Options		1	\$ 39.53	\$ 47.88	21.1%
		2	\$ 66.20	\$ 80.40	21.5%
		3	\$ 99.79	\$ 121.50	21.8%
DELTACARE USA ^c Choices & Options		1	\$ 14.51	\$ 14.97	3.2%
		2	\$ 23.93	\$ 24.69	3.2%
		3	\$ 35.40	\$ 36.52	3.2%
SAFEGUARD ^d Choices & Options		1	\$ 10.18	\$ 11.42	12.2%
		2	\$ 19.69	\$ 22.06	12.0%
		3	\$ 25.69	\$ 28.77	12.0%

^a 1 = Employee only

2 = Employee + 1 Dependent

3 = Employee + 2 or more Dependents

^b Rates reflect current negotiated County subsidy.

Delta 2011 rates are guaranteed through 12/31/2011.

^c DeltaCare 2011 rates are guaranteed through 12/31/11.

^d SafeGuard 2011 Rates are guaranteed through 12/31/2012.

SafeGuard 2011 rates reflect a credit adjustment for 2009 performance guarantee penalties.

**COUNTY-SPONSORED
MEDICAL AND DENTAL INSURANCE PLANS
FOR NON-REPRESENTED EMPLOYEES
CURRENT 2010 RATES AND PROPOSED 2011 RATES**

Plan	Option	Coverage Category ^a	Current 2010 Rates ^b	Proposed 2011 Rates ^b	Percentage Change ^f
ANTHEM BLUE CROSS	CaliforniaCare HMO	1	\$ 255.00	\$252.00	-1.2%
		2	\$ 498.00	\$493.00	-1.0%
		3	\$ 523.00	\$517.00	-1.1%
		4	\$ 592.00	\$586.00	-1.0%
	PLUS POS	1	\$ 385.00	\$381.00	-1.0%
		2	\$ 773.00	\$765.00	-1.0%
		3	\$ 791.00	\$783.00	-1.0%
		4	\$ 882.00	\$873.00	-1.0%
	Catastrophic	1	\$ 197.00	\$195.00	-1.0%
		2	\$ 395.00	\$391.00	-1.0%
		3	\$ 402.00	\$398.00	-1.0%
		4	\$ 464.00	\$459.00	-1.1%
	Prudent Buyer PPO	1	\$ 491.00	\$486.00	-1.0%
		2	\$ 902.00	\$893.00	-1.0%
		3	\$ 937.00	\$927.00	-1.1%
		4	\$ 1,085.00	\$1,074.00	-1.0%
KAISER Flex/Megaflex		1	\$ 255.00	\$252.00	-1.2%
		2	\$ 498.00	\$493.00	-1.0%
		3	\$ 523.00	\$517.00	-1.1%
		4	\$ 592.00	\$586.00	-1.0%
KAISER - MID-ATLANTIC		1	\$ 255.00	\$252.00	-1.2%
		2	\$ 498.00	\$493.00	-1.0%
		3	\$ 523.00	\$517.00	-1.1%
		4	\$ 592.00	\$586.00	-1.0%
DELTA DENTAL ^c Flex/Megaflex		1	\$ 32.12	\$ 36.65	14.1%
		2	\$ 51.67	\$ 60.14	16.4%
		3	\$ 55.09	\$ 63.23	14.8%
		4	\$ 82.50	\$ 94.74	14.8%
DELTACARE USA ^d Flex/Megaflex		1	\$ 14.51	\$ 14.97	3.2%
		2	\$ 25.07	\$ 25.86	3.2%
		3	\$ 24.89	\$ 25.68	3.2%
		4	\$ 36.13	\$ 37.27	3.2%
SAFEGUARD ^e Flex/Megaflex		1	\$ 10.18	\$ 11.42	12.2%
		2	\$ 19.11	\$ 21.41	12.0%
		3	\$ 21.55	\$ 24.14	12.0%
		4	\$ 28.15	\$ 31.52	12.0%

^a 1 = Employee only

2 = Employee + Child(ren)

3 = Employee + Spouse

4 = Employee + Spouse + Chil(ren)

^b Rates, where applicable, are net of County subsidy; except that the premium charged to an employee whose benefits are subject to COBRA is the carrier quoted rate plus an administrative charge as prescribed by COBRA.

Blue Cross rates include the cost of the 360 degree health programs and the cost of the vision benefit for the HMO, POS, and PPO. Anthem Blue Cross and Kaiser rates include mandatory Federal healthcare reform & Mental Health Parity costs.

^c Delta Dental rates for 2011 reflect County subsidies.

Delta 2011 rates are guaranteed through 12/31/2011.

^d DeltaCare rates are guaranteed through 12/31/2011.

^e SafeGuard Rates are guaranteed through 12/31/2012.

SafeGuard rates for 2011 reflect a credit adjustment for 2009 performance guarantee penalties.

^f The percentage change in Delta Dental premiums are higher than indicated in the letter since the County subsidy has not been adjusted from 2010 to 2011.

**LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT
AND SURVIVOR INCOME BENEFIT PROGRAMS
CURRENT 2010 RATES AND PROPOSED 2011 RATES**

	Monthly Cost per \$1,000 of Insurance	
	<u>2010^a</u>	<u>2011^a</u>
COUNTY-PAID BASIC GROUP TERM-LIFE INSURANCE	\$0.275	\$0.192

**OPTIONAL GROUP TERM LIFE INSURANCE
FOR REPRESENTED EMPLOYEES**

Employee: The monthly premium per \$1,000 of insurance is based on the employee's age as shown in the following table:

<u>Age</u>	<u>2010^{a,b}</u>	<u>2011^{a,b}</u>
Less than 30	\$0.041	\$0.041
30-34	\$0.070	\$0.070
35-39	\$0.079	\$0.079
40-44	\$0.088	\$0.088
45-49	\$0.131	\$0.131
50-54	\$0.201	\$0.201
55-59	\$0.377	\$0.377
60-64	\$0.578	\$0.578
65-69	\$0.825	\$0.825
70 and over	\$1.586	\$1.586

Dependent Term Life Insurance:

Cost per month per \$5,000 of coverage, no matter how many eligible dependents employee may have. Coverage is offered in increments of \$5,000 up to \$20,000. Dependent care coverage premium is charged to the employee.

<u>2010^a</u>	<u>2011^a</u>
\$0.955	\$0.955

^a Rates are guaranteed through 12/31/2013. Basic Life rate is reduced for 2011.
^b The County subsidizes 15% of the monthly premium.

**LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT
AND SURVIVOR INCOME BENEFIT PROGRAMS
CURRENT 2010 RATES AND PROPOSED 2011 RATES**

OPTIONAL ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE - Cost per Month

<u>Employee Coverage</u>	<u>Current 2010 Rates*</u>		<u>Proposed 2011 Rates*</u>	
	<u>Employee Only Plan G</u>	<u>Employee & Dependents Plan H</u>	<u>Employee Only Plan G</u>	<u>Employee & Dependents Plan H</u>
\$ 10,000	\$0.20	\$0.39	\$0.17	\$0.33
\$ 25,000	\$0.50	\$0.98	\$0.43	\$0.83
\$ 50,000	\$1.00	\$1.95	\$0.85	\$1.65
\$100,000	\$2.00	\$3.90	\$1.70	\$3.30
\$150,000	\$3.00	\$5.85	\$2.55	\$4.95
\$200,000	\$4.00	\$7.80	\$3.40	\$6.60
\$250,000	\$5.00	\$9.75	\$4.25	\$8.25
\$300,000	\$6.00	\$11.70	\$5.10	\$9.90
\$350,000	\$7.00	\$13.65	\$5.95	\$11.55

These figures apply regardless of employee's age. If Plan H is selected, all eligible dependents will be insured automatically.

The maximum insurance coverage amount for represented participants is \$250,000.

* Rates are guaranteed through 12/31/2013. AD&D rates are reduced for 2011.

**LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT
AND SURVIVOR INCOME BENEFIT PROGRAMS
CURRENT 2010 RATES AND PROPOSED 2011 RATES**

**OPTIONAL GROUP VARIABLE UNIVERSAL LIFE INSURANCE
FOR FLEX/MEGAFLEX PARTICIPANTS**

Employee: The monthly premium per \$1,000 of insurance is based on the employee's age as shown in the following table:

<u>Age</u>	<u>2011 Rate*</u>	<u>Age</u>	<u>2011 Rate*</u>	<u>Age</u>	<u>2011 Rate*</u>
20-24	\$0.044	57	\$0.331	77**	\$2.426
25-29	\$0.055	58	\$0.373	78**	\$2.738
30-34	\$0.064	59	\$0.417	79**	\$3.085
35-39	\$0.066	60	\$0.468	80**	\$3.983
40	\$0.076	61	\$0.527	81**	\$4.596
41-42	\$0.077	62	\$0.582	82**	\$5.014
43	\$0.086	63	\$0.626	83**	\$5.467
44	\$0.098	64	\$0.694	84**	\$5.956
45	\$0.109	65	\$0.721	85**	\$6.498
46	\$0.119	66	\$0.809	86**	\$7.067
47	\$0.129	67	\$0.861	87**	\$7.689
48	\$0.151	68	\$0.959	88**	\$8.355
49	\$0.161	69	\$1.066	89**	\$9.041
50	\$0.172	70	\$1.173	90**	\$9.742
51	\$0.193	71	\$1.297	91**	\$10.480
52	\$0.203	72	\$1.440	92**	\$11.236
53	\$0.223	73	\$1.581	93**	\$12.018
54	\$0.246	74	\$1.750	94**	\$12.810
55	\$0.278	75	\$1.929		
56	\$0.299	76**	\$2.142		

* Rates are guaranteed through 12/31/2011.

Employee cost for Megaflex employees is half of actual premium. The County pays the other 50%.

** For employees age 76-94 who remain in County service, County will subsidize the difference between the employee's cost of coverage using the premiums for the employee's actual age and cost of coverage using age 75 rate.

**LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT
AND SURVIVOR INCOME BENEFIT PROGRAMS
CURRENT 2010 RATES AND PROPOSED 2011 RATES**

Dependent Term Life Insurance for Flex and Megaflex Participants

Cost per month per \$5,000 of dependent life coverage,
up to \$20,000.

2011 Rate*
1.24**

SURVIVOR INCOME BENEFIT - For Megaflex participants enrolled in Retirement Plan E

<u>Employee Age</u>	<u>Current 2010 Rates*</u>		<u>Proposed 2011 Rates*</u>	
	<u>Employee Cost** (25% Option)</u>	<u>Employee Cost** (50% Option)</u>	<u>Employee Cost** (25% Option)</u>	<u>Employee Cost** (50% Option)</u>
Under 30	0.140%	0.270%	0.140%	0.270%
30 to 34	0.173%	0.356%	0.173%	0.356%
35 to 39	0.227%	0.464%	0.227%	0.464%
40 to 44	0.324%	0.637%	0.324%	0.637%
45 to 49	0.432%	0.864%	0.432%	0.864%
50 to 54	0.572%	1.145%	0.572%	1.145%
55 to 59	0.821%	1.653%	0.821%	1.653%
60 to 64	1.123%	2.246%	1.123%	2.246%
65 to 69	1.545%	3.089%	1.545%	3.089%
70 and over	2.743%	5.487%	2.743%	5.487%

* Rates are guaranteed through 12/31/2011.

** Employee Cost for Megaflex is half of the actual premium. The County pays the other 50%.

**SHORT-TERM DISABILITY, LONG-TERM DISABILITY
AND LONG-TERM DISABILITY HEALTH INSURANCE
CURRENT 2010 RATES AND PROPOSED 2011 RATES**

MEGAFLEX SHORT-TERM DISABILITY PLAN

Employee Cost as a Percentage of Monthly Salary:

Current 2010 Rates			Proposed 2011 Rates		
<u>Income Replacement</u>	<u>Waiting Period</u>	<u>Cost</u>	<u>Income Replacement</u>	<u>Waiting Period</u>	<u>Cost</u>
70%	14 Days	0.000%	70%	14 Days	0.000%
100%*	7 Days	0.934%	100%*	7 Days	0.934%

* Reduced to 80% after 21 days

MEGAFLEX LONG-TERM DISABILITY PLAN

Employee Cost as a Percentage of Monthly Salary:

<u>Income Replacement</u>	Current 2010 Rates		<u>Income Replacement</u>	Proposed 2011 Rates	
	<u>Plan E + * Retirement Plan</u>	<u>All Other Plans</u>		<u>Plan E + * Retirement Plan</u>	<u>All Other Plans</u>
40%	0.000%	0.040%	40%	0.000%	0.040%
60%	0.117%	0.157%	60%	0.117%	0.157%

* Plan E plus 5 more years of continuous service

**SHORT-TERM DISABILITY, LONG-TERM DISABILITY
AND LONG-TERM DISABILITY HEALTH INSURANCE
CURRENT 2010 RATES AND PROPOSED 2011 RATES**

LONG-TERM DISABILITY HEALTH INSURANCE - Cost per month

For Flex/MegaFlex Employees

<u>Current 2010 Rate</u>		<u>Proposed 2011 Rate</u>	
75 % Premium Payment	100 % Premium Payment	75 % Premium Payment	100 % Premium Payment
\$0.00	\$3.00	\$0.00	\$3.00

For Represented Employees

<u>Current 2010 Rate</u>		<u>Proposed 2011 Rate</u>	
75 % Premium Payment	100 % Premium Payment	75 % Premium Payment	100 % Premium Payment
\$0.00	\$3.00	\$0.00	\$3.00

**UNION-SPONSORED
MEDICAL AND DENTAL INSURANCE PLANS
CURRENT 2010 RATES AND PROPOSED 2011 RATES**

Plan	Option	Coverage Category ^a	Current 2010 Rates ^b	Proposed 2011 Rates ^b	Percentage Change
ALADS Blue Cross	Prudent Buyer Plan Under Age 50	1	\$ 646.33	\$ 687.63	6.4%
		2	\$ 1,263.98	\$ 1,339.33	6.0%
		3	\$ 1,451.71	\$ 1,540.72	6.1%
	Prudent Buyer Plan Age 50 and Over	1	\$ 646.33	\$ 687.63	6.4%
		2	\$ 1,263.98	\$ 1,339.33	6.0%
		3	\$ 1,451.71	\$ 1,540.72	6.1%
	CaliforniaCare Basic Plan (All Ages)	1	\$ 418.41	\$ 459.71	9.9%
		2	\$ 813.69	\$ 889.04	9.3%
		3	\$ 1,011.94	\$ 1,100.95	8.8%
	Prudent Buyer Plan Premier Plan Under Age 50	1	\$ 741.71	\$ 780.50	5.2%
		2	\$ 1,359.36	\$ 1,432.20	5.4%
		3	\$ 1,547.09	\$ 1,633.59	5.6%
	Prudent Buyer Plan Premier Plan Age 50 and Over	1	\$ 741.71	\$ 780.50	5.2%
		2	\$ 1,359.36	\$ 1,432.20	5.4%
		3	\$ 1,547.09	\$ 1,633.59	5.6%
	CaliforniaCare Premier Plan (All Ages)	1	\$ 513.79	\$ 552.58	7.5%
		2	\$ 909.07	\$ 981.91	8.0%
		3	\$ 1,107.32	\$ 1,193.82	7.8%
	CAPE Blue Shield	1	\$ 607.00	\$ 703.00	15.8%
		2	\$ 1,176.56	\$ 1,363.56	15.9%
		3	\$ 1,401.56	\$ 1,624.56	15.9%
	Lite	1	\$ 363.00	\$ 421.00	16.0%
		2	\$ 749.56	\$ 868.56	15.9%
		3	\$ 944.56	\$ 1,094.56	15.9%
	PPO (Out-of-state only)	1	\$ 604.00	\$ 700.00	15.9%
		2	\$ 1,169.56	\$ 1,357.56	16.1%
		3	\$ 1,391.56	\$ 1,616.56	16.2%
FIREFIGHTERS LOCAL 1014		1	\$ 501.00	\$ 583.00	16.4%
		2	\$ 951.56	\$ 1,107.56	16.4%
		3	\$ 1,129.56	\$ 1,315.56	16.5%

^a 1 = Employee only

2 = Employee + 1 Dependent

3 = Employee + 2 or more Dependents

^b Rates reflect current negotiated County subsidies

ENCLOSURES TO EXHIBIT V

1. ALADS Request
2. CAPE Request
3. Los Angeles County Fire Fighters Local 1014 Request

ALADS Insurance Trust

9500 Topanga Canyon Blvd. Chatsworth, CA 91311
Tel (818) 678-0040 • (800) 842-6635 • Fax (818) 678-0030

August 6, 2010

VIA U.S. MAIL AND E-MAIL: mkeehn@ceo.lacounty.gov

Ms. Lisa M. Garrett, Director of Personnel
County of Los Angeles
Hall of Administration, Room 579
500 West Temple Street
Los Angeles, California 90012

Attention: Ms. Maryanne T. Keehn
Benefits Compensation Policy
Division of the Chief Executive Office
County of Los Angeles
500 West Temple Street Room 526
Los Angeles, CA 90012

RE: ALADS/ANTHEM BLUE CROSS 2011 HEALTHCARE PLAN PREMIUMS

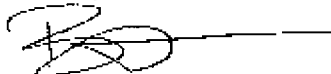
Dear Ms. Keehn:

Following are the monthly premium rates for the ALADS Anthem Blue Cross Prudent Buyer and CaliforniaCare medical and dental plans for the 2011 plan year:

Plan	Employee	Employee + 1	Employee + 2
Prudent Buyer Basic	\$887.63	\$1,344.77	\$1,546.18
Prudent Buyer Premier	\$780.50	\$1,437.64	\$1,639.03
CaliforniaCare Basic	\$459.71	\$894.48	\$1,106.39
CaliforniaCare Premier	\$552.58	\$987.35	\$1,199.26

Further, the ALADS plans do provide "Creditable Coverage" as defined in the Act. There will be no benefit changes for the benefit plan year 2011 other than as required by law.

Sincerely,



Bud Treace
ALADS Trust Administrator



July 23, 2010

Maryanne Kecha
Senior Human Resources Manager
Employee Benefits-Deferred Income Division
County of Los Angeles
Department of Human Resources
3333 Wilshire Boulevard
Los Angeles, CA 90010

Re: 2011 RENEWAL – CAPE/BLUE SHIELD MEDICAL PLANS

Dear Ms. Kecha:

This letter is to advise you of the CAPE Benefit Trust Board of Trustees' approval of the renewal of Blue Shield's contracts for the year 2011 for the CAPE/Blue Shield Point of Service Classic, Lite and the out-of-state PPO COBRA medical plans. Attached please find the benefit structures and rates for all three plans.

In order to comply with the health care reform regulations, the following health benefits in all three plans have been adjusted for plan year 2011. The revised benefits on the attached summaries reflect these mandated changes as follows:

- Lifetime Maximum Benefit in the PPO and Out-of-Network tiers has been changed to unlimited.
- Preventive Care - Immunizations and Periodic Health Exams in the PPO and Out-of-Network tiers have been changed to 100% covered, not subject to deductibles or copays.
- Hospice Care - Out-of-Network tiers have been changed to 100% covered when provided by authorized hospice agencies.

In addition, the hospitalization daily maximum for the Classic plan out-of-network has been adjusted to \$360 to reflect the same maximum as the Lite plan. Also, qualified dependents will be covered up to age 26 as mandated by the health care reform regulations.

We would appreciate your forwarding the 2011 CAPE/Blue Shield medical plans' information to the Board of Supervisors for their timely approval.

Sincerely,

CALIFORNIA ASSOCIATION OF
PROFESSIONAL EMPLOYEES BENEFIT TRUST

John W. Fulton
Chairman
CAPE Benefit Trust Board of Trustees

Attachments

1910 West Sunset Boulevard, Suite 600 • Los Angeles, CA 90026-3281 • (213) 464-0400 • Fax (213) 464-4953 • (213) 464-1111

[illegible]

2011 Pricing Rates

Employee Only:	\$ 793.06
Employee + Org:	\$1,369.06
Employee + Family:	\$1,639.00

BENEFITS	IN-NETWORK	A Preferred Provider Organization	OUT-OF-NETWORK
<p>Types of Plan</p> <p>Who is Eligible</p> <p>Calendar Year Deductible</p> <p>Maximum Annual</p> <p>Out-of-pocket Expenses</p> <p>Maximum Benefit</p>	<p>Participants residing outside the State of California</p> <p>\$150 per person, \$300 per family maximum (combined In-Network and Out-of-Network)</p> <p>After deductible, \$11,000/person, \$30,000/family (combined - In-Network and Out-of-Network)</p> <p>Unlimited</p>	<p>Participants residing outside the State of California</p> <p>\$250 per person, \$500 per family maximum (combined In-Network and Out-of-Network)</p> <p>After deductible, \$11,000/person, \$30,000/family (combined - In-Network and Out-of-Network)</p> <p>Unlimited</p>	<p>From the amount designated for Alternative Amount</p> <p>Participants residing outside the State of California</p> <p>\$250 per person, \$500 per family maximum (combined In-Network and Out-of-Network)</p> <p>After deductible, \$11,000/person, \$30,000/family (combined - In-Network and Out-of-Network)</p> <p>Unlimited</p>
PHYSICAL CARE			
<p>Immunizations</p> <p>Periodic Health Exams</p> <p>Vision Care (dependent child in age 18)</p>	<p>100% no copayment and not subject to the deductible</p> <p>100% no copayment (includes Well-Woman Pap Smear and Mammography)</p> <p>Well-Being Call not subject to deductible</p> <p>Screaming only - 100% no copayment</p>	<p>100% no copayment and not subject to the deductible</p> <p>100% no copayment (includes Well-Woman Pap Smear and Mammography)</p> <p>Well-Being Call not subject to deductible</p> <p>Screaming only - 100% no copayment</p>	<p>100% no copayment and not subject to the deductible</p> <p>100% no copayment (includes Well-Woman Pap Smear and Mammography)</p> <p>Well-Being Call not subject to deductible</p> <p>Screaming only - 100% no copayment</p>
MEDICALLY NECESSARY CARE			
<p>Analgesic</p> <p>Antibiotic</p> <p>Basal Insulin</p> <p>Emergency Room</p> <p>Hospital Care</p> <p>Maternity</p> <p>Surgery</p> <p>X-Ray & Lab Tests</p> <p>Prescription Drugs</p>	<p>90% after deductible</p> <p>\$20 copayment (not subject to deductible)</p> <p>90% after \$50 copayment (waived if airfares)</p> <p>90% after deductible</p> <p>100% after \$20 copayment (not subject to deductible)</p> <p>90% after deductible</p> <p>90% after deductible</p> <p>\$10 (generic), \$15 (brand name), \$30 (pharmaceutical)</p> <p>Mail-Order 90-day Supply: \$50 (generic), \$80 (brand name), \$100 (non-formulary)</p>	<p>90% after deductible</p> <p>\$20 copayment (not subject to deductible)</p> <p>90% after \$50 copayment (waived if airfares)</p> <p>90% after deductible</p> <p>100% after \$20 copayment (not subject to deductible)</p> <p>90% after deductible</p> <p>90% after deductible</p> <p>\$10 (generic), \$15 (brand name), \$30 (pharmaceutical)</p> <p>Mail-Order 90-day Supply: \$50 (generic), \$80 (brand name), \$100 (non-formulary)</p>	<p>90% after deductible</p> <p>\$20 copayment (not subject to deductible)</p> <p>90% after \$50 copayment (waived if airfares)</p> <p>90% after deductible</p> <p>100% after \$20 copayment (not subject to deductible)</p> <p>90% after deductible</p> <p>90% after deductible</p> <p>\$10 (generic), \$15 (brand name), \$30 (pharmaceutical)</p> <p>Mail-Order 90-day Supply: \$50 (generic), \$80 (brand name), \$100 (non-formulary)</p>
MENTAL HEALTH CARE			
<p>Mental Health Outpatient</p> <p>Mental Health Inpatient</p>	<p>\$50 copayment (not subject to deductible)</p> <p>90% after deductible</p>	<p>\$50 copayment (not subject to deductible)</p> <p>90% after deductible</p>	<p>\$50 after deductible</p> <p>90% after deductible</p>
OBSTETRIC CARE			
<p>Obstetric Care</p> <p>Obstetric Care</p>	<p>\$50 copayment - maximum 12 visits per calendar year combined with Out-of-Network visits</p> <p>90% after deductible</p>	<p>\$50 copayment - maximum 12 visits per calendar year combined with Out-of-Network visits</p> <p>90% after deductible</p>	<p>\$50 after deductible</p> <p>90% after deductible</p>
OTHER PLAN BENEFITS			
<p>Home Health Care</p> <p>Hospice Care</p> <p>Physical Therapy</p> <p>Skilled Nursing Facility</p>	<p>combined 100 visits per calendar year</p> <p>100% when processed by authorized hospice agency</p> <p>90% after deductible</p> <p>90% after deductible (combined 100 days per calendar year)</p>	<p>combined 100 visits per calendar year</p> <p>100% when provided by authorized hospice agency</p> <p>90% after deductible</p> <p>90% after deductible (combined 100 days per calendar year)</p>	<p>combined 100 visits per calendar year</p> <p>100% when provided by authorized hospice agency</p> <p>90% after deductible</p> <p>90% after deductible (combined 100 days per calendar year)</p>

Witnesses is a limited benefit summary. Refer to the carrier summary for further details on scope and exclusions. The carrier summary makes reference

2011 Premium Rates	
Employee Only:	\$ 700.00
Employee + One:	\$1,365.00
Employee + Family:	\$1,625.00



LOS ANGELES COUNTY FIRE FIGHTERS LOCAL 1014 HEALTH AND WELFARE PLAN

3460 FLETCHER AVENUE • ELMONTE, CALIFORNIA 91731
(310) 639-1014 (800) 680-1014 (within California)



August 2, 2010

Ms. Marianne Kechin
Senior Human Resources Manager
Employee Benefits/ Deferred Income Division
County of Los Angeles
Department of Human Resources
3333 Wilshire Boulevard
Los Angeles, California 90010

**RE: Plan Year 2011 Employee Insurance Information
Los Angeles County Fire Fighters Local 1014 Health and Welfare Plan**

Dear Ms. Kechin:

In response to your letter of June 17, 2010, I am providing employee benefit and premium changes that have been approved the Board of Trustees for Plan Year 2011. The Trustees wish to have these changes included in your letter to the Board of Supervisors.

The Plan changes for 2011 are minimal and are required by federal law under the Mental Health Parity Act and the Patient Protection and Affordable Care Act.

The following are the benefit changes for 2011:

- Change Lifetime Maximum Benefit from \$4,000,000 to Unlimited.
- Change current Mental Health Care outpatient to 90% after deductible for in-network care and 70% after deductible for out-of-network care
- Change current Mental Health Care inpatient to 90% after deductible for in-network care and 70% after deductible for out-of-network care.

In consultation with Mercer, the Plan's consultant, the Board of Trustees approved a 16.35% premium increase for 2011. Our monthly rates for 2011, rounded to the nearest dollar are as follows:

Member Only	\$ 583.00
Member + 1 Dependent	\$ 1,113.00
Family	\$ 1,321.00

Representing Professional Firefighters in 54 Cities and the County of Los Angeles
Affiliated with International Association of Fire Fighters, AFL-CIO • California Professional Firefighters, AFL-CIO
California Labor Federation, AFL-CIO • L.A. County Federation of Labor, AFL-CIO




(2)

Needless to say, should you have any questions, please contact me by E-mail or call me at (800) 650-1014.

Congratulations on your promotion! Best wishes for success in your new position. I am sure that the Patient Protection and Affordable Health Care Act as well as pension legislation will make your job as a policy person extremely interesting.

Sincerely,

A handwritten signature in cursive script, appearing to read "Alfred F. Cain".

Alfred F. Cain, CEBS
Administrative Manager

C: Dave Gillotte

MERCER



MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Attachment A

Marci K. Burns
Partner

777 South Figueroa Street, Suite 1900
Los Angeles, CA 90017
213 346 2221
marci.burns@mercer.com
www.mercer.com

Ms. Maryanne Keehn
Chief of Employee Benefits
County of Los Angeles
3333 Wilshire Boulevard, Suite 1000
Los Angeles, CA 90010-4101

August 13, 2010

Subject: Summary of 2011 Renewal Results and Recommendations - Represented Plans

Dear Maryanne:

The following letter summarizes the 2011 renewal proposals for medical, dental, life and AD&D plans offered to the represented employees of the County of Los Angeles (County), including our analysis, observations and recommendations. The renewal request and negotiation process is outlined in the attached Addendum.

Medical Plans

Overview

For all represented medical plans, the final projected premium increase for 2011 is 7.0% or about \$43.2 million over expected premiums for 2010. The initial proposed renewal increase for the represented medical plans was 8.2%. Negotiated reductions to the medical renewals (exclusive of benefit design changes) equate to \$7.5 million.

After evaluation of the renewal proposals, Mercer recommends that the County accept the final 2011 renewal increases offered by CIGNA, Kaiser and PacificCare as outlined in the table below. The health plan renewals also include the cost of changes to comply with health care reform legislation, including increasing the dependent age to 26, removing lifetime dollar limits (if any), and removal of annual dollar limits on 'essential health benefits'. It is our opinion that because the County is not making any carrier or benefit changes, all plans should retain 'grandfathered' status with respect to health care reform legislation. We recommend the County seek the advice of their own legal counsel in this regard, as Mercer is not a law firm and cannot provide legal advice. Also included are benefit changes to comply with mental health parity legislation, if needed.

We believe the renewals are justified for all plans. A summary of key issues, proposal terms and negotiation results are outlined by carrier in the following pages.

MERCER



MARSH MERCER KROIL
GUY CARPENTER OLIVER WYMAN

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August 13, 2010
Ms. Maryanne Keehn
County of Los Angeles

	CIGNA	Kaiser Choices	Kaiser Options	PacificCare
Final 2011 Renewal Action	+18.9%	+5.0%	+4.5%	+8.1%
Health Care Reform Impact (included in Final Renewal)	0.5%	0.3%	0.3%	No explicit rate adjustment

CIGNA

CIGNA initially proposed a 23.8% increase to the combined HMO and POS rates for 2011; about a \$13.3 million increase from 2010 premiums. These rates did not include a 2009 performance guarantee penalty credit of \$120,152 that was due to the County.

Our renewal discussions with CIGNA targeted the following issues:

- Fluctuations in the claim experience
- Actions taken by Cigna to control high claims through case management and disease management
- A 40% increase in administrative costs
- The cost impact of Federal health reform legislation

The County's financial arrangement with CIGNA provides for a year-end reconciliation of premiums, claims and expenses associated with the plan. Surpluses are deposited to the PSR and any shortfall is withdrawn from the PSR, to the extent funds are available. The PSR had grown to a significant level in 2007 and 2008 and a significant premium subsidy was applied to the 2009 renewal. No subsidy was applied for to the 2010 rates. As claim experience deteriorated, the annual accounting resulted in a deficit, and the stabilization reserve was exhausted. Therefore, there again is no premium offset from the PSR for 2011.

MERCER



MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

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Ms. Maryanne Keehn
County of Los Angeles

The chart below summarizes the four year history of the PSR.(update based on new rates)

	2007	2008	2009	2010 ¹
Premium	\$43,788,395	\$44,080,808	\$45,882,083	\$54,394,588
Year-end Premium	\$8,821,882	\$8,018,980	(\$1,175,818)	(\$1,943,858)
Stabilization Reserve (PSR)				
PSR % of Premium	19.7%	18.2%	-2.6%	-3.6%

¹ CIGNA projection; actual year-end balance will vary based on policy year results.

We noted in the review process that there were several large individual claims. We asked CIGNA to provide quotes for stop-loss coverage at various attachment points to determine if such protection should be included in the 2011 renewal rates. In all cases the insurance premium was significantly greater than the current claim amounts in excess of the attachment points. Therefore, stop-loss coverage is not recommended for 2011.

Attachment Point	\$350,000	\$500,000
2011 S/L Premium	\$2,408,895	\$1,467,719
2009/10 Excess Claims	\$225,647	\$52,757

Negotiations with CIGNA resulted in a final 18.9% increase; about \$10.6 million over current costs, for a savings of \$2.7 million from their original proposal. CIGNA's renewal includes the cost of benefit changes to comply with health care reform that must be made for 2011, including coverage of preventive care at 100%; however, the County elected not to change the preventive care benefit for 2011.

On a stand-alone basis, the HMO increase would have been 17.4% and the POS plan would have been 39.7%. Because the CIGNA rates are blended, the HMO participants will be subsidizing the POS participants for 2011, as has been the case in prior years.

It is our conclusion that CIGNA's final renewal position is justified based on the County's experience.

MERCER



MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

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Ms. Maryanne Keehn
County of Los Angeles

Kaiser

Kaiser's renewal proposal was a 5.0% increase for the Choices plan and a 4.5% increase for the Options program. Kaiser's Southern California commercial rate increase is projected to be less than 8%. These rates include the cost of benefit changes to comply with health care reform. There were in performance guarantee penalties of \$53,566 for Choices and \$111,426 for Options due from 2008 applied to the 2011 rates. Performance guarantee results for 2009 are not yet final and will be applied to the 2012 renewal.

Discussions with Kaiser on the renewal proposal targeted the following areas:

- Fee schedule changes and utilization trends
- Wellness Load credits
- The cost impact of Federal health reform legislation

We believe the Kaiser renewal is justified based on the information provided.

United Health Care/PacifiCare

PacifiCare's initial renewal proposal was a 10.6% overall increase; 11.4% increase for the HMO plan and a 20.0% decrease for the PPO plan – an increase of \$20.4 million over current premiums. The renewals are based on the following:

- 16% medical trend and 12.5% Rx trend
- Benefit changes to comply with healthcare reform
- 0.2% load for non-standard eligibility process
- \$155,697 in performance guarantee penalty credits for 2009
- PacifiCare's intent to offer their lower-cost Select Plus plan for 2011; however, the plan was not approved by the California Dept. of Insurance, but PacifiCare honored the lower rates for the County.

Discussions with PacifiCare targeted the following key areas:

- High medical trend
- Migration of members between full and partial risk capitated providers
- Increases in capitation costs
- Retention costs and surplus revenue
- Excessive pooling charges
- Wellness programs and custom marketing materials

MERCER



MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

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Ms. Maryanne Keehn
County of Los Angeles

- The cost impact of Federal health reform legislation

PacifiCare updated experience, applied a reduced fee for service trend and retention, removed the 0.2% load for non-standard eligibility processes, and reduced costs on the custom marketing materials. Negotiations resulted in final renewals of 8.9% on the HMO and no change to the 20% decrease for the PPO, for a savings of \$4.8 million over the initial renewal position.

We believe that PacifiCare has justified their renewal position and that the County should accept their offer.

Dental Plans

The following summarizes the Delta Dental PPO, DeltaCare and Safeguard renewals.

Delta Dental PPO

The dental PPO plan is a participating contract, whereby the County shares in surpluses or deficits on the plan. For the past several years, the County has enjoyed surpluses, which have been used to offset renewal rate increases. However, for the 2011 renewal, Delta is projecting there will be an increased plan deficit as of year-end 2010. No funds will be available in the premium stabilization reserve (PSR) to offset the rate increases.

For the Choices program, Delta initially proposed a 6.1% increase to the contract rates and a 9.6% increase to the billed rates, with a one year rate guarantee.

Aggressive negotiations with Delta and recognition of the County's long term partnership resulted in a final rate increase of 2.9% to the contract rates and a 6.2% increase to the billed rates. This represents an increase of \$1.2 million on the billed rates and is a reduction of \$656,000 from their initial proposal.

For the Options program, Delta initially proposed a 12.9% increase to the contract rates and a 17.3% increase to the billed rates, with a one year rate guarantee. Rates are based on the current plan design and do not include any performance guarantee penalties or PSR funds.

Negotiations also ensued with Delta and addressed the increased Options increased claim utilization. Delta also agreed to reduce their renewal position, in recognition of the County's long term partnership. The final negotiated rates are a 9.6% increase to the contract rates

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and a 13.9% increase to the billed rates. This represents an increase of \$5.5 million over current billed rates and a reduction of \$1.4 million from their initial proposal.

DeltaCare USA – DHMO

Delta initially proposed a 6.8% increase for the Choices and Options programs. Negotiations brought this down to a 3.2% increase for the Choices program and a 3.2% increase for the Options program.

On a combined basis for Choices and Options, the renewal represents an annual premium increase of \$103,000, after negotiated savings of \$117,000.

Safeguard Prepaid Dental

The Safeguard renewal came in at an 11.8% increase on the contract rates and a 12.0% increase on the billed rates for both the Choices and Options programs. This represents a \$342,000 increase over current premium. Rates are guaranteed through 12/31/12. There was a \$5,152 performance guarantee penalty credit applied across rates for all County populations, including the non-represented group.

Life and AD&D

CIGNA Life

CIGNA's renewal initially came in at a rate pass, or no increase for 2011. Due to favorable claims experience, however, we pursued a rate reduction on the Basic Life and AD&D rates for 2011. Negotiations with CIGNA resulted in a 15% decrease in Basic Life and AD&D rates. Rates are guaranteed through 2013. The optional life rates will remain the same and are also guaranteed for three years.

Additionally, the basic life plan is a participating contract, meaning the County shares in surpluses on the plan. At the end of the 2009 plan year, there was approximately \$558,000 available for refund to the County (Represented and Non-represented populations combined). CIGNA requires that 25% of the annual premium remain in the PSR; however, we negotiated the requirement to 15% going forward. CIGNA's final basic life rates include an additional 18% rate reduction, from the lowered 2011 rates, to credit the \$558,000 back to the County over the three-year term for the represented and non-represented populations.

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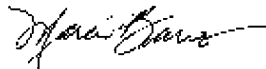


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If you have any questions or need additional information regarding any of the renewals, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Marci Burns", followed by a horizontal line.

Marci Burns
Partner

Copy:
Marian Hall – County of Los Angeles
Bill Dukes – County of Los Angeles
Jim Adams – County of Los Angeles
Mary Gilmore – County of Los Angeles
Hoa Phan, County of Los Angeles
Jeff Whitman - Mercer, Los Angeles
Ann Gillespie - Mercer, Los Angeles

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Addendum

Process

The renewal request, analysis and negotiation are multi-step processes, conducted over a period of several months. Request for Renewals (RFRs) are drafted and reviewed by all stakeholders. The RFR includes:

- Stated assumptions and requirements, including a submission letter to be signed by a company officer with the authority to bind their proposal
- Questionnaire targeting key County objectives and issues, including rate development, utilization, legislative issues such as mental health parity and health care reform.
- Plan performance exhibits comparing the County's past plan results to the carriers' book of business results
- Rate quotation, rate development and projected cost exhibits
- Benefit design and contract changes
- Performance guarantees

All stakeholders submit requested changes to the draft. These are reviewed and incorporated into the final RFR, which is then released to the carriers.

Carrier proposals are submitted to all stakeholders at the same time. Following a review and analysis period, Mercer drafts negotiation letters for each plan. The drafts are reviewed by the County and the Union consultants, and their respective comments are incorporated before release to the carriers. Bi-weekly status conference calls are conducted between Mercer and the County to discuss the renewal results, negotiation process and any open issues.

Responses to the negotiation letters are due from the carriers prior to the renewal meetings. Again, the responses are delivered to all stakeholders concurrently. Final issues are reviewed and prepared for the renewal meetings.

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Renewal meetings are conducted with each medical plan carrier. Due to the significant increase on the dental PPO plans for 2011, meetings were also held with Delta Dental (via phone). Attendees include representatives from DHR, CEO, Union consultants, BAC and EBAC committees and Mercer, as well as the carrier representatives. The carrier representatives generally include account/sales management, financial, operations, and medical/provider relations personnel. Issues discussed during the meetings include: rate development/proposal rates and performance guarantees. Outstanding issues and requests for reduced rates – where areas of opportunity exist – are identified for each carrier. Following the meeting, carriers must respond to all identified issues in writing to all stakeholders.

The review and negotiation process continues until all open issues are resolved or the carrier has presented their final offer. The negotiation does not always result in agreement on particular topics; however, it may result in overall business concessions from the carriers.

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Attachment B

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Marci K. Burns
Partner

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Los Angeles, CA 90017
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www.mercer.com

Ms. Maryanne Keehn
Chief of Employee Benefits
County of Los Angeles
3333 Wilshire Boulevard, Suite 1000
Los Angeles, CA 90010-4101

August 13, 2010

Subject: Summary of 2011 Renewal Results and Recommendations (Non-represented Plans)

Dear Maryanne:

This letter summarizes the results of our analysis and negotiation of the 2011 renewal proposals for medical, dental, life and AD&D plans offered to the non-represented employees of the County of Los Angeles (County). In addition, it presents Mercer's recommendations for each plan. The renewal request and negotiation process is outlined in the attached Addendum.

Medical Plans

Overview

For the non-represented medical plans, the total projected premium increase for 2011 is 6.6% or about \$7.3 million. This compares to an initial increase of 7.2%; initially the Anthem renewals did not include the cost associated with changes due to Federal health care reform legislation, which will be explained further below.

2011 health plan renewals include the cost of changes to comply with health care reform legislation, including increasing the dependent age to 26, removing lifetime dollar limits (if any), and removal of annual dollar limits on 'essential health benefits'. Kaiser included a 0.3% load for these changes, while Anthem included 1.8%-2.1%, depending on the plan. It is our opinion that because the County is not making any carrier or benefit changes, all plans should retain 'grandfathered' status with respect to health care reform legislation. We recommend the County seek the advice of their own legal counsel in this regard, as Mercer is not a law firm and cannot provide legal advice. Also included are benefit changes to comply with mental health parity legislation, if needed.

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After our analysis of the renewal proposals, Mercer recommends that the County accept the final 2011 renewals offered by Anthem and Kaiser. A summary of key issues, negotiation results and the proposal terms are outlined below by carrier.

Anthem Blue Cross

The Anthem Blue Cross program is self-funded and expected and maximum liability costs are projected based on prior claims experience and the fixed costs associated administration of the plan. The Anthem *expected* costs are the basis for the renewals outlined in this letter. Anthem's initial renewal proposal was an 8.3% increase across all plans or about \$5.5 million over 2010 costs. All plans are funded through a minimum premium arrangement with specific stop loss of \$300,000 per individual. The aggregate stop loss is currently set at 120% of projected claims for the POS, PPO and Catastrophic plans; the aggregate limit is 115% for the HMO plan.

Renewal discussions with Anthem targeted the following key areas:

- High pharmacy trends
- Fixed dollar increases such as capitation, pooling and retention
- HMO administrative expenses in conjunction with a membership that is shifting toward more capitated arrangements
- Trying to find a stable, consistent rating approach for the volatile catastrophic plan experience results
- Adjustments to comply with health care reform provisions (1.8% for HMO and POS and 2.1% for PPO and catastrophic plans)

As a result of negotiations, Anthem updated their claim projections, lowered their pharmacy trend, capitation charges, retention and pooling, reducing the overall renewal by about \$885,000. The final renewal also includes the cost to comply with health care reform noted above – an additional \$945,000 - which results in an overall increase of 7.4%, or \$4.9 million over 2010 costs.

Vision benefits for the HMO, POS, and PPO plans are offered on a non-participating insured basis through an arrangement between Anthem and VSP. There is also a portion of the vision benefit – coverage for laser eye surgery – which is self-insured by the County. The insured portion of the VSP cost received a 17.7% renewal increase for a two year period. Due to lower than expected utilization of the laser eye surgery benefit, the accrual rates for the self-funded laser surgery plan will be reduced by 20% for 2011. The cost of the vision program is included in the Anthem renewals described above.

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Anthem provided their 2009 performance guarantee report and applied the penalty of \$80,151 to the County's May 2010 invoice, so there is no direct impact to the renewal.

We believe Anthem's most recent renewal proposal is justified and recommend that the County accept it.

Kaiser

Kaiser's renewal proposal is a 5.5% increase for the Flex/MegaFlex program. These rates included the cost of benefit changes to comply with healthcare reform. There was \$21,197 in performance guarantee penalties due from 2008 for the non-represented population. Performance guarantee results for 2009 are not yet final and will be applied to the 2012 renewal.

Discussions with Kaiser on the renewal proposal targeted the following areas:

- Fee schedule increases and utilization trends
- Wellness load credits
- HealthCare Reform – 0.3% load

There was previously one employee covered by the Kaiser Mid-Atlantic plan, which is community rated and has a standardized plan design; however, there is no one currently enrolled in that plan. Rates for this plan will not be available until mid-August 2010.

Dental Plans

The following summarizes the Delta Dental PPO, DeltaCare and Safeguard renewals.

DeltaDental PPO

Delta initially proposed an 8.8% increase to the contract rates and a 12.2% increase to the billed rates, with a one year rate guarantee. Rates are based on the current plan design and do not include any performance guarantee penalties. The dental PPO plan is a participating contract, whereby the County shares in surpluses or deficits on the plan. For the past several years, the County has enjoyed surpluses, which have been used to offset renewal rate increases; however, for the 2011 renewal, Delta is projecting there will be a deficit on the plan as of year-end 2010, so there are no funds available in the premium stabilization reserve (PSR) to offset the rate increases.

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Aggressive negotiations with Delta and recognition of the County's long term partnership resulted in a final rate increase of 5.2% to the contract rates and 8.5% to the billed rates. This is a reduction of \$390,000 from their initial proposal.

DeltaCare USA – DHMO

Delta initially proposed a 6.8% increase, however, negotiations brought this down to a 3.2% increase, or a reduction of \$11,000.

Safeguard Prepaid Dental

The Safeguard renewal came in at an 11.8% increase on the contract rates and a 12.0% increase on the billed rates. This represents almost a \$23,000 increase over current premium. Rates are guaranteed through 12/31/12. There was a \$5,152 performance guarantee penalty credit applied across rates for all County populations, including the Represented group.

Life and AD&D

CIGNA Life

CIGNA's renewal initially came in at a rate pass, or no increase for 2011. Due to favorable claims experience, however, we pursued a rate reduction on the Basic Life and AD&D rates for 2011. Negotiations with CIGNA resulted in a 15% decrease in Basic Life and AD&D rates and rates are guaranteed through 2013.

Additionally, the basic life plan is a participating contract, meaning the County shares in surpluses on the plan. At the end of the 2009 plan year, there was approximately \$558,000 available for refund to the County. CIGNA requires that 25% of the annual premium remain in the PSR; however, we negotiated the requirement down to 15% going forward. CIGNA's final basic life rates include an additional 18% rate reduction, to the reduced 2011 rates, to credit the \$558,000 back to the County over the three-year term for the represented and non-represented populations.

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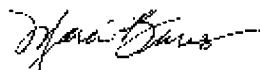
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MetLife

MetLife's supplemental GVUL insurance rates will be reduced by 2% and rates for Dependent Life and SIB will remain the same as 2010. Rates are guaranteed through December 31, 2011. This program is not directly handled by Mercer, but we have been apprised of the renewal results.

If you have any questions about the above information, please give me a call to discuss.

Sincerely,

A handwritten signature in black ink, appearing to read 'Marci Burns'.

Marci Burns
Partner

Copy:

Marian Hall – County of Los Angeles
Bill Dukes – County of Los Angeles
Jim Adams – County of Los Angeles
Mary Gilmore – County of Los Angeles
Hoa Phan, County of Los Angeles
Jeff Whitman - Mercer, Los Angeles
Ann Gillespie - Mercer, Los Angeles

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Addendum

Process

The renewal request, analysis and negotiation are multi-step processes, conducted over a period of several months. A planning meeting with the County begins the process, in which objectives for the following plan year are established. Stakeholders for the Non-represented plan include the County and Mercer.

Based on the planning meeting discussions, a Request for Renewal (RFR) is drafted and reviewed by all stakeholders. The RFR includes:

- Stated assumptions and requirements, including a submission letter to be signed by a company officer with the authority to bind their proposal
- Questionnaire targeting key County objectives and issues, including rate development, utilization, legislative issues such as mental health parity and health care reform.
- Plan performance exhibits comparing the County's past plan results to the carriers' book of business results
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All stakeholders submit requested changes to the draft. These are reviewed and incorporated into the final RFR, which is then released to the carriers.

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Responses to the negotiation letters are due from the carriers prior to the renewal meetings. Again, the responses are delivered to all stakeholders concurrently. Final issues are reviewed and prepared for the renewal meetings.

Renewal meetings are conducted with each medical plan carrier. Due to the significant increase on the dental PPO plans for 2011, meetings were also held with Delta Dental (via phone). Attendees include representatives from DHR, CEO, and Mercer, as well as the carrier representatives. The carrier representatives generally include account/sales management, financial, operations, and medical/provider relations personnel. Issues discussed during the meetings include: rate development/proposal rates and performance guarantees. Outstanding issues and requests for reduced rates – where areas of opportunity exist – are identified for each carrier. Following the meeting, carriers must respond to all identified issues in writing to all stakeholders.

The review and negotiation process continues until all open issues are resolved or the carrier has presented their final offer. The negotiation does not always result in agreement on particular topics; however, it may result in overall business concessions from the carriers.

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**COUNTY OF LOS ANGELES
2011 Renewal Results**

Attachment C

	2010	2011 Original renewal current plan	2011 Negotiated renewal final plan	Percent Change	Negotiation Result	Health Care Reform Impact	Performance Guarantee Credits	Total Change from Original Renewal ¹
Flex/MegaFlex								
Kaiser	\$43,363,537	\$45,758,632	\$45,758,632	5.5%	\$0	\$137,276	(\$21,932)	\$0
Anthem ²	\$66,323,848	\$71,612,562	\$71,210,941	7.4%	(\$884,874)	\$345,228	(\$80,151)	(\$601,621)
Optima								
Kaiser	\$249,236,175	\$260,386,932	\$260,386,932	4.5%	\$0	\$731,197	(\$113,855)	\$0
PacificCare ³	\$192,248,546	\$212,676,837	\$207,905,847	8.1%	(\$4,615,293)	\$0	(\$153,697)	(\$4,770,590)
Cholase								
Kaiser	\$117,369,432	\$123,182,106	\$123,182,106	5.0%	\$0	\$358,546	(\$50,402)	\$0
CIGNA ⁴	\$65,848,586	\$69,115,303	\$65,415,154	18.9%	(\$2,916,073)	\$332,076	(\$120,152)	(\$2,704,149)
Total Medial	\$724,387,084	\$782,848,371	\$774,871,812	7.6%	(\$8,418,240)	\$2,685,323	(\$642,189)	(\$8,075,760)
Delta ⁴								
Flex	\$10,927,351	\$12,241,515	\$11,840,322	8.4%	(\$400,694)	\$0	\$0	(\$400,694)
Options	\$41,521,535	\$46,571,541	\$47,080,852	13.4%	(\$1,430,879)	\$0	\$0	(\$1,430,879)
Choices	\$21,034,204	\$23,006,488	\$22,302,998	6.0%	(\$703,490)	\$0	\$0	(\$703,490)
Sanjour ⁵								
Flex	\$190,256	\$213,198	\$213,139	12.0%	\$0	\$0	(\$59)	\$0
Options	\$1,658,606	\$1,504,157	\$1,304,157	12.0%	\$0	\$0	(\$2,847)	\$0
Choices	\$1,142,958	\$1,280,142	\$1,280,142	12.0%	\$0	\$0	(\$1,580)	\$0
Total Delta	\$78,615,889	\$87,157,041	\$84,821,878	10.8%	(\$2,895,083)	\$0	(\$5,182)	(\$2,835,943)
CIGNA Basic Life ⁶								
Flex/MegaFlex	\$30,565	\$30,565	\$14,630	-50.2%	(\$5,325)	\$0	\$0	(\$5,325)
Choices/Options	\$351,345	\$351,345	\$331,139	-50.2%	(\$299,205)	\$0	\$0	(\$299,205)
CIGNA Optional Life ⁶								
Choices/Options	\$22,457,512	\$22,457,512	\$21,890,080	-2.7%	(\$507,433)	\$0	\$0	(\$507,433)
Total Life ⁷	\$23,698,812	\$23,608,812	\$22,688,848	-3.9%	(\$812,988)	\$0	\$0	(\$812,988)
TOTAL	\$824,416,508	\$893,615,225	\$882,060,458	7.0%	(\$11,884,288)	\$2,685,323	(\$647,341)	(\$11,834,788)

¹ Reflects changes in total cost due to negotiations and benefit changes.
² Anthem negotiated savings includes \$173,400 reduction in fixed costs and the remainder is due to changes in claim projections. Anthem's total renewal did not include the cost for health care reform.
³ Anthem Performance Guarantee credits were paid directly to the County.
⁴ PacificCare did not make an explicit rate adjustment for health care reform changes, although they are included in the renewal.
⁵ CIGNA and Delta renewals are based on the latest submitted rates.
⁶ CIGNA's premiums are based on Delta rates.
⁷ Life volumes used are as of 2009. Life rates are guaranteed through 12/31/2011. Basic life rates include an 18% reduction to refund \$151,000 owed to the County.
 Life guarantees do not include AD&D plan through CIGNA or the MedLife Optional Life plan for PlanningFlex.